

TESTIMONY OF JEFF MCCABE
MAINE SERVICE EMPLOYEES ASSOCIATION, SEIU LOCAL 1989,
BEFORE THE JOINT STANDING COMMITTEE ON LABOR AND HOUSING

APRIL 20, 2023

IN OPPOSITION TO LD 1562, AN ACT TO PROTECT THE RETIREMENT OF STATE EMPLOYEES AND
TEACHERS BY ESTABLISHING STANDARDS FOR FIDUCIARY RESPONSIBILITY

Senator Tipping, Representative Roeder, and members of the Committee on Labor and Housing, my name is Jeff McCabe, Director of Politics and Legislation for the Maine Service Employees Association, Service Employees International Union Local 1989 (MSEA-SEIU Local 1989). We are a labor union representing over 13,000 workers and retirees, mainly in the public sector, statewide. We respectfully ask you to oppose LD 1562.

I have watched this committee in recent months and over the last few sessions recognize the great responsibility around the Maine Public Employees Retirement System (MainePERS) and its fiduciary responsibility. That fiduciary responsibility is something you have heard about and talked about with MainePERS Trustees during the appointment process.

At first, we seemed unsure what had generated LD 1562 but in talking with partners and pension research folks at our international union, SEIU, it appears LD 1562 is a cookie-cutter bill that has been introduced in other states and is projected to increase costs. We are here today to enter these points into the record in opposition:

- This bill will reduce investment choices, resulting in raised costs. Will the Legislature increase funding to our state pensions to make up for these costs? Increased funding to the pension system may be needed; this bill will hurt every public employee in Maine by reducing their retirement savings.
- This bill is supposed to protect the retirement of state employees and teachers, but by limiting their investment choices, it will harm their investments. A similar bill in North Dakota this year was projected to cost their retirement system over \$10 million biennially.
- Fiduciaries already work for the pecuniary interest of plan participants. This bill would only create confusion by placing unnecessary, subjective and ambiguous restrictions on plan fiduciaries. Who will determine whether or not an investment decision was actually ESG (environmental, social or governance) or whether the investor was carrying out their fiduciary responsibility by making decisions that maximize returns?
- Politics has no place in our pensions. We can disagree about the role of fossil fuels or other companies in our society, but LD 1562 needlessly puts the pensions of working people in the middle of this political debate, and that is dangerous and risky.

Thank you and I would be glad to answer any questions.